

CHAPMAN AND CUTLER

a partnership including professional corporations

9-363A009

Theodore S. Chapman  
1877-1943  
Henry E. Cutler  
1879-1959

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16693

RECORDATION NO

FILED 1425

2 North Central Avenue  
Phoenix, Arizona 85004  
(602) 256-4060

DEC 29 1989 -10 40 AM

December 29, 1989 DEC 29 1989 -10 40 AM

100 Peachtree Street, NW  
Atlanta, Georgia 30303  
(404) 420-1420

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Honorable Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

50 South Main Street  
Salt Lake City, Utah 84144  
(801) 533-0066

\$30.00 filing fee

Re: (1) Security Agreement and Trust Indenture - New #  
(2) Security Agreement and Trust Indenture - A  
Supplement No. 1

Dear Ms. McGee:

On behalf of IteL Rail Corporation, the above instruments, in four (4) counterparts each, are hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$30 recordation fee.

Please record the Security Agreement and Trust Indenture (the "Security Agreement and Trust Indenture") dated as of December 14, 1989, not previously recorded, under a new recordation number.

The parties to the Security Agreement and Trust Indenture are as follows:

IteL Rail Corporation (Debtor)  
55 Francisco Street  
San Francisco, California 94133

Continental Bank, National Association,  
as Indenture Trustee, (Indenture Trustee)  
231 South LaSalle Street, 7th Floor  
Chicago, Illinois 60697

The Security Agreement and Trust Indenture provides for a grant by the Debtor to the Indenture Trustee of a security interest in the railroad rolling stock described in any Indenture Supplement thereto, and for an assignment by the Debtor to the Indenture Trustee of the rights of the Debtor (i) under the Unblended Leases described in any Indenture Supplement thereto and each Additional Unblended Lease and (ii) to any Blended Lease Payment Rights under any Blended Lease described in any Indenture Supplement thereto and any Additional Unblended Lease Payment Rights under any Additional Blended Lease, in each case relating to the railroad rolling stock described in any Indenture Supplement thereto.

*Handwritten signature: C. D. [unclear]*

CHAPMAN AND CUTLER

Honorable Noreta R. McGee  
December 29, 1989  
Page 2

The Security Agreement and Trust Indenture Supplement No. 1 ("Indenture Supplement No. 1") dated December 29, 1989 should be recorded as ~~A~~ of the same recordation number as the Security Agreement and Trust Indenture.

The parties to the Indenture Supplement No. 1 are the same as in the Security Agreement and Trust Indenture.

The Indenture Supplement No. 1 lists and describes the railroad rolling stock and the Unblended Leases and the Blended Leases subject to the lien and security interest of the Security Agreement and Trust Indenture.

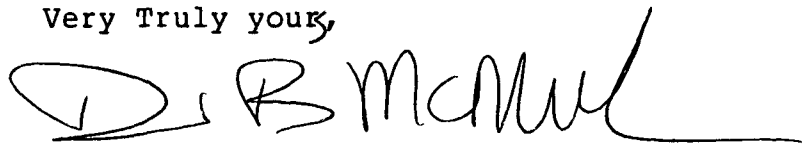
The railroad rolling stock and the Unblended Leases and the Blended Leases covered by the documents, as listed above, are identified in the schedules to the Indenture Supplement No. 1, a copy of which schedules are attached to this letter.

A short summary of the documents to appear in the ICC Index is as follows:

"Cover <sup>9</sup> 31 Railcars and the Debtor's right in and to certain leases and/or certain payments with respect to certain leases relating to such railcars.

Once the filings have been made, please return to the undersigned the stamped counterparts of the Security Agreement and Trust Indenture and the Indenture Supplement No. 1 not required for filing purposes, together with the ICC fee receipt and the letter from the ICC acknowledging the filings.

Very Truly yours,

  
\_\_\_\_\_  
DAVID B McMULLEN

SECURITY AGREEMENT AND TRUST INDENTURE  
SUPPLEMENT NO. 1

RECORDATION NO. 16693-A  
DEC 29 1989 - 10 40 AM  
FILED 1423  
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND TRUST INDENTURE SUPPLEMENT NO. 1  
(this "Indenture Supplement") dated December 29, 1989, between  
ITEL RAIL CORPORATION, a Delaware corporation, as Debtor (the  
"Debtor") and CONTINENTAL BANK, NATIONAL ASSOCIATION, a national  
banking association (the "Indenture Trustee").

W I T N E S S E T H:

The Security Agreement and Trust Indenture dated as of  
December 14, 1989 (herein called the "Indenture") from the Debtor  
to the Indenture Trustee, provides for the execution and delivery  
of an Indenture Supplement thereto substantially in the form  
hereof, which shall particularly describe the Equipment and the  
Assigned Leases (such terms and other defined terms in the  
Indenture being herein used with the same meanings) and shall  
specifically grant a security interest in such Equipment and in  
such Assigned Leases;

The Debtor in consideration of the premises and other  
good and valuable consideration, receipt whereof is hereby  
acknowledged, and intending to be legally bound, and in order to  
secure the equal and pro rata payment of both the principal of and  
interest and premium, if any, upon all Secured Notes at any time  
outstanding under the Indenture according to their tenor and  
effect, and to secure the payment of all other Secured Indebted-  
ness and the performance and observance of all the covenants and  
conditions contained in the Secured Notes, the Indenture and the  
Note Purchase Agreement, does hereby convey, warrant, mortgage,  
assign, pledge and grant unto the Indenture Trustee, its  
successors in trust and assigns, forever, for the ratable use and  
benefit of the holders of the Secured Notes, a security interest  
in, all right, title and interest of the Debtor in: (i) the  
Equipment described in Schedule 1 hereto; together with (1) all  
accessories, equipment, parts and appurtenances appertaining or  
attached to any of the Equipment hereinabove described, whether  
now owned or hereafter acquired, (2) all substitutions, renewals  
or replacements of and additions, improvements, accessions and  
accumulations to any and all of said Equipment and (3) all  
proceeds, including but not limited to, all insurance proceeds  
related thereto; (ii) subject to Sections 1.2(c) and 1.4(i) of the  
Indenture, all right, title and interest of the Debtor in and to  
each lease agreement described in Schedule 2 hereto (the  
"Unblended Leases"), and in and to each and every other lease  
agreement hereafter entered into by the Debtor as lessor relating  
solely to the Equipment, or which may hereinafter be amended,  
supplemented or modified to relate solely to the Equipment (and,  
in either case, not having subject thereto any other rolling

stock) (the "Additional Unblended Leases"), including but not limited to: (1) all payments due and to become due under any Unblended Lease, whether as contractual obligations, damages or otherwise; (2) all of its claims, rights, powers, or privileges and remedies under any Unblended Lease and Additional Unblended Lease insofar as such rights relate to the Equipment and, to the extent permitted by a lessee under any Unblended Lease or Additional Unblended Lease, the right to cure a default by the Debtor under any Unblended Lease or Additional Unblended Lease; (3) the right to hold the signed copies of the Unblended Leases and the Additional Unblended Leases; (4) all of its rights under any Unblended Lease or Additional Unblended Lease to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, waiver or approval together with full power and authority with respect to any Unblended Lease or Additional Unblended Lease to demand, receive, enforce, collect or give receipt for any of the foregoing rights or any property the subject of any of the Unblended Leases or Additional Unblended Leases, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action which (in the opinion of the Indenture Trustee) may be necessary or advisable in connection with any of the foregoing insofar, but only insofar, as such rights relate to the Equipment which is subject to such Unblended Leases and Additional Unblended Leases, together with all extensions, renewals and replacements of such Unblended Leases and Additional Unblended Leases, whether now owned or hereafter acquired, and all income, profits and avails therefrom, all rights thereunder and all proceeds thereof (insofar as the same relate to or are derived from the Equipment which is subject to such Unblended Leases and Additional Unblended Leases); (1) subject to Section 1.2(c) of the Indenture, (iii) all title and interest of the Debtor to all payments due or to become due with respect to Equipment whether as contractual obligations, damages or otherwise, under each lease agreement described in Schedule 3 hereto and (2) all right, title and interest of the Debtor to all payments due or to become due with respect to Equipment, whether as contractual obligations, damages or otherwise, under all other lease agreements hereafter entered into by the Debtor as lessor and which does not constitute an Unblended Lease or an Additional Unblended Lease; and (iv) all right, title, interest, claims and demands of the Debtor in, to and under any and all contracts and agreements (other than the Assigned Leases) relating to the Equipment or any rights or interests therein to which the Debtor is now or may hereafter be a party to the extent that the foregoing relate to the Equipment (collectively, the "Assigned Agreements"), together with all rights, powers, privileges, license, easements, options and other benefits of the Debtor under each thereof, including, without limitation, the right to make all waivers and agreements, to give and receive all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement,

conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which the Debtor is or may be entitled to do thereunder (collectively, the "Future Collateral"); provided however that the grant of a security interest under this clause (iv) shall not attach or become effective until the earlier to occur of July 15, 1991 or the payment in full of the Medium Term Notes (the "Trigger Date") and no such Future Collateral shall constitute Collateral until the Trigger Date.

TO HAVE AND TO HOLD the aforesaid property unto the Indenture Trustee, its successors and assigns forever, upon the terms and conditions set forth in the Indenture for the equal and proportionate benefit, security and protection of all present and future holders of the Secured Notes.

This Indenture Supplement shall be construed in connection with and as part of the Indenture and all terms, conditions and covenants contained in the Indenture, except as herein modified, shall be and remain in full force and effect.

Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Indenture Supplement may refer to the "Security Agreement and Trust Indenture dated as of December 14, 1989" or the "Indenture" without making specific reference to this Indenture Supplement, but nevertheless all such references shall be deemed to include this Indenture Supplement unless the context shall otherwise require.

Section 1.1. Counterparts. This Indenture Supplement may be executed and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Indenture Supplement.

Section 1.2. Governing Law. This Indenture Supplement shall be construed in accordance with and governed by the internal laws and decisions (as opposed to conflict of law provisions) of the State of New York.

Section 1.3. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Indenture Supplement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Indenture Supplement to be executed, and the Indenture Trustee in evidence of its acceptance of the trusts hereby created, has caused this Indenture Supplement to be executed on its behalf by one of its duly authorized officers.

ITEL RAIL CORPORATION

Robert C. Kiehnle

By Robert Kiehnle  
Its: Vice President-Finance & Treasurer

AS DEBTOR

CONTINENTAL BANK, NATIONAL ASSOCIATION

By Robert J. Daffin  
Its: President

AS INDENTURE TRUSTEE

STATE OF CALIFORNIA       )  
                                      ) SS  
COUNTY OF SAN FRANCISCO )

On this 22nd day of December, 1989, before me personally appeared Robert C. Kiehnle, to me personally known, who being by me duly sworn, says that he is a VP-Fin. & Treas of ITEL RAIL CORPORATION, that said instrument was signed and sealed on December 22, 1989 on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



(SEAL)

Patricia M. O'Grady  
Notary Public

My commission expires:       April 20, 1990

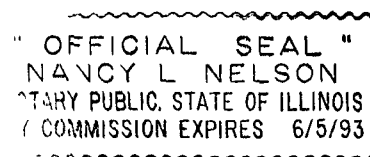
STATE OF ILLINOIS       )  
                                      ) SS  
COUNTY OF COOK        )

On this 27th day of December, 1989, before me personally appeared ROBERT DONAHUE, to me personally known, who being by me duly sworn, says that he is a VICEPRESIDENT of CONTINENTAL BANK, NATIONAL ASSOCIATION, that said instrument was signed and sealed on December 27, 1989 on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Nancy L. Nelson  
Notary Public

(SEAL)

My commission expires:



Schedule 1 to  
Indenture  
Supplement

EQUIPMENT

<u>Qty.</u>	<u>Car Size and Type</u>	<u>Reporting Marks</u>	<u>Year Built</u>	<u>Equip. Cost/Unit</u>
185	70 Ton, 50 Foot, Plate C Boxcar	CIRR 091000-015, 091017-036, 091038-044, 091047-052, 091054-071, 091074-091, 091093-103, 091105, 091107- 110, 091112-127, 091129-134, 091136-141, 091143-177, 091179-199	1981	
50	70 Ton, 50 Foot, Plate C Boxcar	CIRR 91200-249	1980	
20	70 Ton, 50 Foot, Plate C Boxcar	CSXT 142533, 142535-538, 142540-541, 142548, 142551- 552, 142554, 142556, 142558, 142564, 142569, 142575, 142578, 142583-584, 142588	1979	
92	100 Ton Open Top Hopper	CSXT 370377-468	1982	
112	5750 Cubic Foot Covered Hopper	ERLX 006105, 006107-6149, 006151-6194, 006200-6223	1982	
117	70 Ton, 50 Foot, Plate C Boxcar	NOKL 002500-515, 002517-519, 004500-515, 004517-576, 004578-599	1979	
98	100 Ton Open Top Hopper	SECX 000215-223, 000225-244, 000246-248, 000250-315	1982	
11	100 Ton Open Top Hopper	SECX 000920, 000934-935, 000952, 000954, 000956, 000959, 000963, 000968, 000973, 000981	1977	

<u>Qty.</u>	<u>Car Size and Type</u>	<u>Reporting Marks</u>	<u>Year Built</u>	<u>Equip. Cost/Unit</u>
216	Bulkhead Flat Car	TOE 004100-117, 004119-154, 004156-175, 004177-231, 004233-262, 004264-278, 004280-284, 004286-294, 004296-299, 004301-324	1981	
12	4780 Cubic Foot Covered Hopper	USLX 018218, 018243, 020873- 882	1977	
5	4780 Cubic Foot Covered Hopper	USLX 020863-865, 020867-868	1978	
5	4780 Cubic Foot Covered Hopper	USLX 020870-872, 020919, 026239	1979	
8	4780 Cubic Foot Covered Hopper	USLX 020866, 020883-884, 020915-918, 027286	1980	

UNBLENDED LEASES

<u>Lessee</u>	<u>Contract Lessor*</u>	<u>Lease Date</u>	<u>Expiration Date**</u>	<u>Qty</u>	<u>Car Size and Type</u>	<u>Reporting Marks</u>	<u>Year Built</u>
Chattahoochee Industrial R.R.	Evans Railcar Leasing Company	5/4/81	10/17/92	50	70 Ton, 50 Foot, Plate C Boxcar	CIRR 091200-249	1980
			9/7/96	185	70 Ton, 50 Foot, Plate C Boxcar	CIRR 091000-015, 091017-036, 091038-044, 091047-052, 091054-071, 091074-091, 091093-103, 091105, 091107-110, 091112-127, 091129-134, 091136-141, 091143-177, 091179-199	1981
Dow Chemical USA	Evans Railcar Leasing Company	3/30/84	11/1/91	35	5750 Cubic Foot Covered Hopper	ERLX 006105, 006107-6109, 006124, 006125, 006142, 006144, 006174, 006191, 006192, 006200-6223	1982
			6/25/89	9	5750 Cubic Foot Covered Hopper	ERLX 006117, 006126, 006127, 006128, 006129, 006148, 006149, 006151, 006152	1982
Air Products and Chemicals, Inc	United States Railway Leasing Company	5/3/79	12/31/90	48	5750 Cubic Foot Covered Hopper	ERLX 006133-6141, 006153-6173, 006175-6190, 006193, 006194	1982

\* Itef Rail Corporation is currently lessor under each lease listed by merger or assignment

\*\* Not including extensions (if any)

<u>Lessee</u>	<u>Contract Lessor*</u>	<u>Lease Date</u>	<u>Expiration Date**</u>	<u>Qty</u>	<u>Car Size and Type</u>	<u>Reporting Marks</u>	<u>Year Built</u>	<u>Deprec Cost, Unit</u>
assignment ICI Americas Inc.	United States Railway Leasing Company	8/7/78	5/31/88	20	5750 Cubic Foot Covered Hopper	ERLX 006110-6116, 006118-6123, 006130-6132, 006143, 006145- 6147	1982	
Texas Oklahoma and Eastern R.R. Co.	United States Railway Leasing Company	3/18/80	2/9/96	216	Bulkhead Flat Car	TOE 004100-117, 004119-154, 004156-175, 004177-231, 004233-262, 004264-278, 004280-284, 004286-294, 004296-299, 004301-324	1981	

\* Iitel Rail Corporation is currently lessor under each lease listed by merger or assignment

\*\* Not including extensions (if any)

Schedule 3 to  
Indenture  
Supplement

BLENDED LEASES

<u>Lessee</u>	<u>Contract Lessor*</u>	<u>Lease Date</u>	<u>Expiration Date**</u>	<u>Qty.</u>	<u>Car Size and Type</u>	<u>Reporting Marks of Equipment Pledged to the Indenture Trustee***</u>	<u>Year Built</u>	<u>Equip. Cost/Unit</u>
Southeast Coal Company	Evans Railcar Leasing Company	12/14/81	7/31/2000	11	100 Ton Open Top Hoppers	SECX 000920, 000934-935, 000952, 000954, 000956, 000959, 000963, 000968, 000973, 000981	1977	
				98	100 Ton Open Top Hoppers	SECX 000215-223, 000225-244, 000246-248, 000250-315	1982	
CSX Transportation, Inc.	Itel Railcar Corporation	8/8/88	3/6/92	12	4780 Cubic Foot Covered Hopper	USLX 018218, 018243, 020873-882	1977	
			3/6/92	5	4780 Cubic Foot Covered Hopper	USLX 020863-865, 020867-868	1978	
			3/6/92	5	4780 Cubic Foot Covered Hopper	USLX 020870-872, 020919, 026239	1979	
			3/6/92	8	4780 Cubic Foot Covered Hopper	USLX 020866, 020883-884, 020915-918, 027286	1980	
			9/26/91	92	100 Ton Open Top Hopper	CSXT 370377-468	1982	
CSX Transportation, Inc., as successor to Seaboard Coast-line Railroad Company	United States Railway Leasing Company	5/5/80	4/21/90	20	70 Ton, 50 Foot, Plate C Boxcar	CSXT 142533, 142535-538, 142540-541, 142548, 142551-552, 142554, 142556, 142558, 142564, 142569, 142575, 142578, 142583-584, 142588	1979	

\* Itel Rail Corporation is currently lessor under each lease listed by merger or assignment

\*\* Not including extensions (if any).

\*\*\* The listed leases also cover rolling stock not pledged to the Indenture Trustee

<u>Lessee</u>	<u>Contract Lessor*</u>	<u>Lease Date</u>	<u>Expiration Date**</u>	<u>Qty.</u>	<u>Car Size and Type</u>	<u>Reporting Marks of Equipment Pledged to the Indenture Trustee***</u>	<u>Year Built</u>	<u>Equip. Cost/Unit</u>
assignment PMA Transportation Corp.	Evans Railcar Leasing Company	7/1/83	6/30/93	117	70 Ton, 50 Foot, Plate C Boxcar	NOKL 002500-515, 002517-519, 004500-515, 004517-576, 004578-599	1979	\$

\* Itel Rail Corporation is currently lessor under each lease listed by merger or assignment

\*\* Not including extensions (if any).

\*\*\* The listed leases also cover rolling stock not pledged to the Indenture Trustee